

# FINANCIAL EFFECT

MAKING THE

DOUGH  
RISE



### FINANCIAL BENEFITS OF RETAILER INVOLVEMENT

Low income people who are eligible for the FSP but do not participate are missing nutrition assistance that could stretch their food dollars. Outreach activities and education relating to the FSP are powerful tools in overcoming the barriers to food stamp participation. The FSP brings Federal dollars into communities in the form of benefits which are redeemed at local stores. These benefits ripple throughout the economies of the community, State, and Nation.



The FSP is virtually certain to result in increased food purchases—the program increases participating households' income elasticity for food expenditures. In Fiscal Year (FY) 2004, the average monthly food stamp benefit per household was over \$200.<sup>1</sup> These benefits create business when redeemed at local food retailers. Food stamp benefits also positively and significantly relate to household food expenditures.<sup>2</sup> While only estimates, studies have shown that a \$1 increase in food stamp benefits leads to additional expenditures of between 17 and 47 cents.<sup>3</sup> As a result, food stamp recipients spend more on food at local retailers than eligible nonparticipants.

Participating in *Retailer Based Food Stamp Outreach* means ensuring that all who are eligible can receive FSP benefits. This can result in the potential for increased customer loyalty, and cultivating relationships with previously underrepresented markets.

### *What does increased food stamp participation mean for my store?*

- Food stamp recipients spend more at local retailers than eligible nonparticipants.
- 86% of benefits in FY 2005 (\$21 billion) were redeemed at over 35,000 supermarkets.<sup>4</sup>
- \$3 billion of benefits contributed to the viability of 118,000 other firms which include grocery stores, convenience stores, combination stores, farmers' markets, other retail food stores, wholesalers and meal services.<sup>5</sup>
- Every \$5 in new food stamp benefits generates \$9.20 in total community spending.<sup>6</sup>
- In FY 2004, only 60 percent of individuals eligible for benefits participated in the program.<sup>7</sup> The benefits of 40 percent of eligible nonparticipants went unclaimed.
- If the national participation rate rose just 5 percent, 1.7 million more low income people would have an additional \$1.1 billion in benefits per year to use to purchase healthy food.<sup>8</sup>
- On average, \$1 billion of retail food demand by food stamp recipients generates 3,300 farm jobs.<sup>9</sup>





### *The program helps States and local communities:*

**Support the local food retailers.** The average monthly food stamp benefit per household (FY 2004) is over \$200, which is spent in local grocery stores.<sup>11</sup>

**Generate economic activity.** Every \$5 in new food stamp generates \$9.20 in total spending.<sup>12</sup>

**Support farms.** \$1 billion of retail demand by food stamp recipients generates 3,300 farm jobs.<sup>13</sup>

**Leverage Federal funds.** Food stamp benefits are Federal funds. By increasing the number of eligible people in the FSP, communities can bring Federal money into their States and communities.

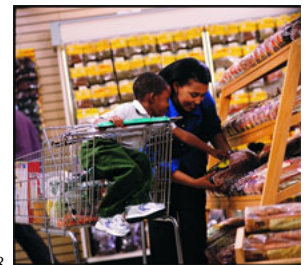
### *The program helps low income families:*

- **Stretch food dollars.** Those receiving food stamp benefits spend more money on food than other low-income households.<sup>15</sup>
- **Fight obesity through education.** By educating low income families on the nutrition benefits of the FSP, obesity rates may be reduced.
- **Improve nutrition.** Nutrition educators teach food stamp participants the importance of a quality diet, how to prepare healthy foods, and how to make healthy choices.
- **Put food on the table for their children.** Families participating in the FSP free up more money for additional and healthier food purchases.
- **Invest in our future.** Over 50 percent of participants are kids.<sup>14</sup>
- **Keep elderly family members independent.** For the elderly, participation can help improve nutritional status and well-being and increase independence. Nine percent of participants are age 60 or older.<sup>15</sup>
- **Make the transition to self-sufficiency.**<sup>16</sup> The FSP helps participants become financially stable and provides support as they transition to self-sufficiency. Half of all new participants will leave the program within 9 months.<sup>17</sup>

### *The program helps businesses and workers:*

**Achieve optimal performance.** Employees whose food needs are met at home may have higher productivity and take fewer sick days.

**Attain self-sufficiency.** Food stamp benefits supplement the budgets of low-income workers so they can stay independent and work toward self-sufficiency.<sup>18</sup>



Forty percent of eligible recipients are not currently participating in the Food Stamp Program. Nonparticipation not only hurts these families, but it prevents millions of dollars from entering local economies.

